

# Hershey Chocolate Corporation and Subsidiary Companies



## CONSOLIDATED BALANCE SHEET

December 31, 1936

AND

SUMMARIES OF CONSOLIDATED PROFIT AND LOSS ACCOUNT  
AND CONSOLIDATED EARNED SURPLUS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 1936

TOGETHER WITH

AUDITORS' REPORT



**HERSHEY CHOCOLATE CORPORATION AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1936**

**ASSETS**

**CURRENT ASSETS:**

Cash .....		\$ 676,717.30
Accounts receivable .....	\$ 1,882,824.44	
Less - Reserve for bad debts and discounts .....	239,198.94	1,643,625.50
Raw materials, goods in process and finished goods, quantities and condition determined by company; valued at the lower of cost or market .....		11,487,586.63
Total current assets .....		\$13,807,929.43

**SUPPLY INVENTORIES, PREPAID EXPENSES, ETC.:**

Supplies and repair parts .....	\$ 305,054.58	
Salesmen's advances, prepaid insurance, taxes, shipping expenses, etc. ....	161,169.72	466,224.30

**PLANT AND PROPERTY:**

<u>Particulars</u>	<u>Cost</u>	<u>Reserve for Depreciation</u>	<u>Net</u>
Land .....	\$ 123,228.39	\$ -	\$ 123,228.39
Buildings and improvements .....	7,981,731.70	3,023,826.13	4,957,905.57
Machinery, equipment and fixtures .....	11,525,168.95	6,676,462.44	4,848,706.51
New York properties .....	1,715,712.93	355,394.91	1,360,318.02
	<u>\$21,345,841.97</u>	<u>\$10,055,683.48</u>	<u>\$11,290,158.49</u>
Construction in progress ....			70,294.39
			<u>\$25,634,606.61</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Loans and demand notes payable .....	\$ 3,000,000.00
Accounts and wages payable .....	\$ 2,121,069.04
Reserve for Federal and state taxes (subject to review by taxing authorities) .....	1,559,935.86
Dividends payable February 15, 1937 on convertible pre- ference and common stock .....	1,033,999.75
Total current liabilities .....	\$ 7,715,004.65

**CAPITAL STOCK AND SURPLUS:**

Convertible preference stock (without par value)- Au- thorized and issued, 350,000 shares, of which 78,649 shares have been converted into common stock Issued and outstanding, 271,351 shares (including 17,507 shares held in treasury) at stated value (see note) .....	\$ 271,351.00
Common stock (without par value)-Authorized, 1,000,000 shares, of which 271,351 shares are reserved for con- version of convertible preference stock Issued and outstanding, 728,649 shares (includ- ing 26,900 shares held in treasury) at stated value ..	728,649.00
	<u>\$ 1,000,000.00</u>
Surplus at organization .....	3,297,212.48
Earned surplus .....	16,140,699.67
	<u>\$20,437,912.15</u>
Deduct - Hershey Chocolate Corporation treasury stock at cost - Convertible pref- erence stock .....	17,507 shares \$1,287,635.19
Common stock .....	26,900 shares 1,230,675.00
	<u>\$ 2,518,310.19</u>
	<u>17,919,601.96</u>
	<u>\$25,634,606.61</u>

NOTE: The convertible preference stock is entitled to cumulative dividends at the rate of \$4.00 per share per annum, plus an extra dividend of \$1.00 per share in any year in which dividends are declared (or paid) on the common stock. Upon any distribution of capital assets, the convertible preference stock is entitled to receive \$50.00 per share and accumulated and unpaid dividends (if any) before any distribution to the common stock, and shares equally with the common stock in any distribution of the balance until the convertible preference stock shall have received a total of \$100.00 per share and accumulated and unpaid dividends (if any).



# HERSHEY CHOCOLATE CORPORATION AND SUBSIDIARY COMPANIES

## SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1936

GROSS PROFIT ON SALES .....	\$ 9,782,028.25
SHIPPING, SELLING, ADMINISTRATIVE AND GENERAL EXPENSES.....	5,458,310.81
Net profit from operations .....	\$ 4,323,717.44

### OTHER INCOME--NET:

Profits from sale of scrap and creamery products, dis- counts, etc. ....	\$ 475,212.43	
Less - Loss on retirement of fixed assets (\$80,924.73) and interest charges (\$38,596.62) .....	119,521.35	355,691.08

Net profit before provision for Federal and Commonwealth of Pennsylvania income taxes	\$ 4,679,408.52
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PROVISION FOR FEDERAL INCOME TAX (Including \$179.50 surtax on undistributed profits) AND COMMONWEALTH OF PENNSYLVANIA INCOME TAX .....	949,489.63
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Net profit carried to surplus account .....	\$ 3,729,918.89
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NOTE: Costs and expenses include provision for de-  
preciation on plant and equipment in the  
amount of \$763,053.80.

## SUMMARY OF CONSOLIDATED EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1936

Earned surplus at December 31, 1935 .....	\$16,206,297.18
Net profit for the year ended December 31, 1936 .....	3,729,918.89
	<u>\$19,936,216.07</u>

Dividends:		
Convertible preference stock .....	\$1,269,220.00	
Common stock .....	2,526,296.40	3,795,516.40
Earned surplus at December 31, 1936 .....		<u>\$16,140,699.67</u>

### OFFICERS;

M. S. Hershey, Chairman of Board of Directors  
William F. R. Murrie, President  
Ezra F. Hershey, Treasurer  
W. S. Crouse, Secretary  
O. E. Bordner, Comptroller

### DIRECTORS

M. S. Hershey, Hershey, Pa.  
Wm. F. R. Murrie, Hershey, Pa.  
Ezra F. Hershey, Hershey, Pa.  
P. A. Staples, Central Hershey, Cuba  
L. W. Majer, Hershey, Pa.

## ARTHUR ANDERSEN & Co.

ACCOUNTANTS AND AUDITORS  
67 WALL STREET  
NEW YORK

### AUDITORS' REPORT

#### To Hershey Chocolate Corporation:

We have made an examination of the consolidated balance sheet of the Hershey Chocolate Corporation (a Delaware Corporation) and subsidiary Companies as at December 31, 1936, and of the summaries of consolidated profit and loss and earned surplus accounts for the year ended that date. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related summaries of consolidated profit and loss and earned surplus accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the financial position of the companies at December 31, 1936, and the results of their operations for the year ended that date.

ARTHUR ANDERSEN & CO.

New York, N. Y.,  
February 18, 1937.





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Our Stockholders, as individuals, can greatly advance the Company's interest and their own, by using HERSHEY'S Products in their homes and recommending them to others.

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